



## FISCAL MEMORANDUM

### HB 874 - SB 1275

March 11, 2023

**SUMMARY OF BILL AS AMENDED (005208):** Prohibits a health insurance issuer or a managed health insurance issuer from: (1) denying a licensed medical laboratory the right to participate as a provider in a policy, contract, or plan on the same terms and conditions as are offered to another medical laboratory under the policy, contract, or plan; and (2) preventing a person who is a party to or beneficiary of a policy, contract, or plan from selecting a licensed medical laboratory of the person's choice to furnish the medical laboratory services offered under the contract, policy, or plan.

Requires each health insurance issuer or managed health insurance issuer to apply the same coinsurance, co-payment, deductible, and quantity limit factors within the same employee group and other plan-sponsored groups to all medical laboratory services provided by a licensed medical laboratory.

### FISCAL IMPACT OF BILL AS AMENDED:

**Other Fiscal Impact – The proposed legislation may result in changes to contract structures and negotiated prices with the TennCare program and plans offered by the Division of Benefits Administration, which would result in an increase in state expenditures. Any such increase is dependent on multiple unknown variables and cannot be reasonably determined.**

Assumptions for the bill as amended:

- According to information provided by the Division of TennCare and the Division of Benefits Administration, managed care organizations (MCOs) and the State Group Insurance Program (SGIP) both negotiate in-network rates with licensed medical laboratories.
- The proposed legislation would change the way that insurers contract with laboratories, and prohibit a licensed medical laboratory from being denied the right to participate in a policy, contract, or plan.
- To the extent that MCOs and the SGIP are inhibited in negotiating contracts with licensed medical laboratories, there will be an increase in state expenditures for the cost of laboratory services; however, such increase is dependent on multiple unknown variables and cannot be reasonably determined.

**IMPACT TO COMMERCE OF BILL AS AMENDED:**

**NOT SIGNIFICANT**

Assumption:

- Any impact on commerce and jobs in Tennessee is estimated to be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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